

# 2015-17 Operating Budget Submittal to OFM and the Legislature

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August 9, 2014 F&W Commission Mtg. Presentation Information is subject to changes and amendments over time.

# The Commission's Role Today

## Review of Operating Budget Requests:

- Brief overview of proposals
- Clarification of proposals as needed
- Initial Commission feedback
- Preparation for August 15<sup>th</sup> Commission
  Conference Call with decisions on requests to move forward.

## 2015 Session Budget Timeline

**September 19:** Operating and Capital budget requests due to Governor's Budget Office

Mid-December: Governor releases operating and capital budget proposals

Mid-February: Quarterly Revenue Forecast

Late February/Early March: First legislative budget proposals released

**April 26, 2015:** End of 105 Day Regular Legislative Session

July 1, 2015: Start of the 2015-17 biennium

# Complex Budget Environment

It's been difficult to develop this year's operating budget submittal for a variety of reasons:

- Projected state general fund shortfall is as bad as we've seen since the beginning of the "Great Recession".
- Federal budget reductions expected to affect commercial, tribal, and recreational fishing opportunities.
- Both of these challenges are on top of a major loss of general fund capacity we've been managing since the 2009 Legislative Session.

# Projected State General Fund Shortfall

Even with state general fund revenues beginning to rebound after the recession, the Governor's Office is projecting up to a \$3 billion state general fund shortfall in the 2015-17 biennium.

- The projected shortfall is driven primarily by:
  - McCleary Supreme Court Case- State spending on education (K-12) deemed inadequate.
  - Inflationary costs in delivering government services.
  - State spending limit from I-601 will likely need to be addressed.
- The problem is projected to worsen in future biennia.

## 2015–17 Operating Budget Outlook

Near General Fund (GF-State, Education Legacy Trust Account, Opportunity Pathways Account)

Source: Office of Financial Management: May 5, 2014

# Projected Additional Revenue

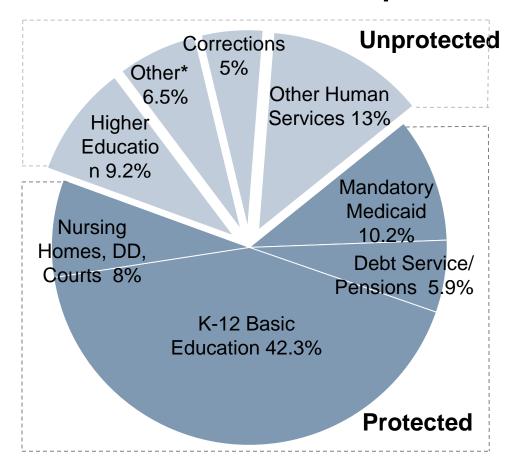
\$2.4 billion

#### **Projected Additional Needs**

#### \$1.5 billion -\$2 **Maintenance & Carry Forward -Policy Enhancements** \$1.8 billion billion \$600M includes: McCleary Supreme \$226M \$339 Includes \$707M to continue FY 2015 early learning I-732 appropriation level. Court Case (K-12 COLA • higher pensi Funding Adequacy) Maintenance level estimate includes: education on •\$296M low-income health care state employee costs •\$218M K-12 education and higher •\$116M mental health, DD, longeducation term care salaries \$198M \$236M • all other policy debt employee enhancements service

health care

# Two-thirds of the budget is tied to constitutional and federal requirements



<sup>\*</sup>Other includes balance of K-12, legislative agencies, governmental operations, natural resource agencies, transportation, other education, other appropriations

# As a result of the projected budget shortfall...

State agencies are required to submit 15% state general fund reduction options.

Therefore, the Department's budget submittal will include both reduction packages <u>AND</u> the usual requests for budget increases.

# Composition of State Budget Requests

- 1. 2015 Supplemental Requests- last chance to make changes to the current biennium.
- 2. 2015-17 Budget Requests- Adjustments to next two year budget cycle beginning July 1, 2015.

There are two types of budget requests:

#### Maintenance Level

- Requests to maintain current service levels

#### Performance Level

Requests to begin new programs or activities.

### 2015-17 Maintenance Level Requests

#### Requests to maintain current service levels:

- Maintaining Technology Access\*
- WILD Transaction Fee Technical Adjustment\*
- L&I Rate Technical Adjustment\*
- Hatchery Utilities Cost Increase\*
- Food for Fish Hatchery Production\*
- Wildfire Costs\*
- Legal Services Adjustment
- PILT and Assessments

(\* Also included in 2015 Supplemental)

#### **Emergent Issues:**

- Enhancing Puget Sound Recreational Fishing
- Protect Wild Salmon Through Marking

## 2015-17 Performance Level Requests

#### Requests to improve current service levels:

- Enhance Recreational Licensing System (WILD)
- SW Regional Office Relocation
- Fish and Wildlife Radio-Over-Internet
- Marijuana on State Lands
- PILT Fund Sources

#### **New Investments:**

- Recover Puget Sound Steelhead
- Tracking Puget Sound Fish Health
- Lower Columbia Hatchery Production
- Investigate and Manage Elk Hoof Disease

# Other Potential Requests

# Regional Fisheries Enhancement Groups (RFEGs)

 RFEGs anticipate reductions in funding and are looking for alternative revenue sources.

#### Biotoxin Account

 The Department of Health and the UW have identified a need for additional funding to support testing and monitoring of shellfish for biotoxins and for monitoring of harmful algal blooms.

# 15% GF-S Reduction Options

WDFW's target state general fund reduction is approximately \$11 million for the 15-17 biennium.

- Reduction of Enforcement Officers (\$2.3 million)
- Reduction in HPA permitting (\$3.0 million)
- Reduction in payments-in-lieu of taxes to counties (\$700,000)
- Hatchery reductions and closures (\$2.9 million)
- Close commercial salmon fisheries in Puget Sound (\$570,000)
- Close commercial salmon fisheries in Grays Harbor, and Willapa Bay (\$290,000)
- Reduce Puget Sound shellfish fisheries (\$450,000)
- Additional program reductions to reach target under development. (\$720,000)

## Revenue Legislation with Budget Impacts Under Consideration

- 1. Sustain recreational fishing
- 2. Sustain commercial salmon/steelhead fishing
- 3. Aquatic invasive species funding
- 4. Commercial shellfish excise tax